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STATE EXAMINER DIRECTIVE 2015-2

EFFECTIVE DATE: January 26, 2015

GENERAL SUBJECT: Governments seeking to engage a private examiner.

AUTHORITY: IC 5-11-1, IC 25-2.1-1, and IC 25-2.1-12

APPLICATION: This Directive applies to all Indiana State and local officers, public officials, and public employees of governments subject to examination under IC 5-11-1.

FROM: Paul D. Joyce, CPA, State Examiner

Indiana Code 5-11-1 contains the following provisions regarding the engagement of private examiners. The state examiner may allow the engagement of private examiners to the extent the state examiner determines necessary to satisfy the requirements of IC 5-11. These examiners are subject to the direction of the state examiner while performing examinations under IC 5-11. If the state examiner authorizes the engagement of a private examiner to perform an examination under IC 5, the examination and report must comply with the uniform compliance guidelines established under IC 5-11-1-24(a). The contract with the private examiner must require the examination and report to comply with the uniform compliance guidelines established under IC 5-11-1-24(a) as well. The state or a municipality may not request proposals for performing examinations of an entity that is subject to examination under IC 5-11-1 unless the request for proposals has been submitted to and approved by the state board of accounts.

Private examiners engaged must hold a valid CPA or public accountant certificate under IC 25-2.1 or permit under IC 25-2.1-5 in order to issue a report on financial or attested statements of the government. Individuals or firms not holding a valid certificate or permit are prohibited from issuing any form of language conventionally used by licensees with respect to: (1) a review of financial statements; and (2) compilation of financial statements.

Engaging a private examiner without the prior approval of the request for proposals by the state examiner or engaging a private examiner that does not have the certificate or permit required by IC 25-2.1 will result in the government's expense for such service being unallowed. The unallowed expense will be the personal obligation of the officials and employees responsible for the engagement.

This Directive may be amended from time to time and may be rescinded at any time in writing by the State Examiner or a Deputy State Examiner.



Paul D. Joyce, CPA
State Examiner